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Supreme Court of the United States.

OCTOBER TERM, 1947.

RUSSELL BOX COMPANY,
Petitioner,
v.
GRANT PAPER BOX COMPANY,
Respondent.

PETITION FOR WRIT OF CERTIORARI.

To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioner, Russell Box Company, defendant, respectfully prays for a writ of certiorari to the Circuit Court of Appeals for the First Circuit to review a judgment of that Court entered on December 12, 1947.

Summary and Short Statement of the Matter Involved.

The only question here involved is jurisdiction. The action is brought on a patent to Dreymann, by Grant Paper Box Company, respondent, as sole plaintiff, against Russell Box Company, defendant-petitioner. The plaintiff relied for title on an assignment of the application from the inventor, which, while purporting to transfer all right,

title and interest to the invention, application and patent to be issued, provided that the assignee could not assign nor license without the assent of the inventor (R. pp. 2-4).

The Court's action sought to be here reviewed is the denial (R. p. 4) of defendant's motion to dismiss the case for lack of jurisdiction for absence of a necessary party plaintiff—the inventor-assignor (R. p. 1).

The case was in the Supreme Court on a petition for certiorari in the October Term, 1946, *Russell Box Company* v. *Grant Paper Box Company*, No. 297; petition denied, 329 U.S. 741.

The District Court found for defendant on the ground of no infringement (R. No. 297, p. 14). On plaintiff's appeal, the Court of Appeals found for defendant on the ground of invalidity of the patent (R. No. 297, p. 465), 151 Fed. (2d) 886, but on rehearing reversed its decision and found the patent valid and infringed (R. No. 297, p. 487, 154 Fed. (2d) 729).

At the trial, no question of title was raised. However, the defendant, on October 2, 1947, having found the assignment above mentioned, moved to dismiss the case on the ground of want of title to the patent in the plaintiff and the absence of a necessary, indispensable party (R. p. 1). On December 12, 1947, the defendant's motion was denied (R. p. 4).

The defendant submits that the action of the Court in denying the motion is unsupportable on any ground as it is well settled, that such an assignment as is found here does not pass title, legal or equitable, that the plaintiff is a mere licensee, and that the presence as a party of the owner of the patent is necessary to give the Court jurisdiction, that it is the duty of the Court to notice the lack of jurisdiction even after judgment, and that the case should on motion be dismissed.

Jurisdiction.

(1) This is a suit arising under the Patent Laws of the United States, Judicial Code, Sec. 24 (7) (28 U.S.C. Sec. 41 (7)).

(2) The jurisdiction of this Court is invoked under Section 240 (a) of the Judicial Code, as amended by the Act of February 13, 1925 (28 U.S.C. Sec. 347).

(3) The date of the judgment which petitioner seeks to have reviewed is December 12, 1947.

(4) Cases believed to sustain the jurisdiction are:

Crown Die & Tool Co. v. *Nye Tool & Machine Works,* 261 U.S. 24, 28.

Independent Wireless Telegraph Co. v. *Radio Corp. of America,* 269 U.S. 459.

Questions Involved in the Case.

1. Does an assignment of an application for patent convey ownership if it reserves to the assignor the right to assign or license, or is such assignment a mere license?

2. Does such an assignment leave the assignor a joint owner of the patent?

3. Does the Court have jurisdiction of an infringement case when the person having the right to control assignments of, or licenses under, the patent is not a party?

4. Is an assignor of a patent a necessary party to an infringement case if he reserves the control of licenses under or assignments of the patent?

5. Is it not the duty of the Court to dismiss this suit for the lack of jurisdiction?

Reasons Relied on for the Allowance of the Writ.

1. An assignment of the kind here involved does not convey the ownership of the assignor.

United States v. *Washington Institute of Technology, Inc.*, 138 Fed. (2d) 25 (C.C.A. 3).

2. Any conveyance short of an *entire and unqualified* monopoly constitutes a mere license.

Waterman v. *MacKenzie*, 138 U.S. 252.

3. In order to enable an assignee to sue, he must have received an unqualified monopoly.

Gayler v. *Wilder*, 10 How. 477.

4. "The presence of the owner of the patent as a party is indispensable . . . to give jurisdiction under the patent laws . . . "

Independent Wireless Telegraph Co. v. *Radio Corp. of America*, 269 U.S. 459, 468.

5. "Although the decree of the Circuit Court of Appeals is not final, the importance of the question involved and the possible saving of useless litigation," warrants the granting of the writ.

Crown Die & Tool Co. v. *Nye Tool & Machine Works*, 261 U.S. 24, 28.

6. It is the duty of the Court to notice the question of jurisdiction whenever it appears.

Clark v. *Paul Gray, Inc.*, 306 U.S. 583, 588.

Conclusion.

The Third Circuit [1] has ruled that such an assignment as here will not support a suit by the assignee alone, as the assignor is still a joint owner of the patent. The First Circuit in this case has ruled that such an assignment does qualify the assignee to sue without the presence of the assignor.

Further, the First Circuit has here failed to follow the well-settled doctrine of the Supreme Court [2] that only the owner of the entire and unqualified monopoly may sue on a patent. The granting of the petition for certiorari in similar circumstances in the Crown Die case,[3] on a somewhat similar showing, is, we submit, an impelling argument for the granting of this petition.

Prayer.

Wherefore your petitioner prays that its petition for writ of certiorari to review the order of the First Circuit Court of Appeals be granted, and that due proceedings may be had for such relief in the premises as to this Honorable Court may seem meet and just.

RUSSELL BOX COMPANY,
By HERBERT A. BAKER,
Its Attorney.

53 State Street,
Boston, Massachusetts.

---

[1] *United States* v. *Washington Institute of Technology*, 138 Fed. (2d) 25 (C.C.A. 3).

[2] *Independent Wireless Telegraph Co.* v. *Radio Corp. of America*, 269 U.S. 459, 468.

[3] *Crown Die & Tool Co.* v. *Nye Tool & Machine Works*, 261 U.S. 24, 28.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

Statement.

The review here sought is the denial by the First Circuit Court of Appeals of the defendant-petitioner's motion to dismiss the case for lack of a necessary indispensable party. The motion was filed after judgment of the Court of Appeals, and was denied without opinion. The defendant alleged that the proceedings taken were null and void because the Courts were without jurisdiction, in that the inventor still retained ownership, and had not been made a party.

The Facts.

The assignment of the application culminating in the patent in suit was in part in common form. However, after the assigning and granting clauses, the assignment stated in substance:

> "9. The Company [assignee] agrees not to assign the patent or patents, nor to grant any licenses under the said patents to any person or corporation without the written consent of Carl Dreymann [assignor]. In case the Company grants licenses . . . the royalty in each case shall be fixed and agreed upon between the parties hereto" (R. p. 3).

The defendant stipulated, relying on the statement on the face of the patent,[1] and the plaintiff's president testified, that the plaintiff was the owner of all the right, title and interest in the patent. After the final decision of the Court of Appeals remanding the case to the District Court,

[1] No. 497, R. p. 359.

the defendant learned of the terms of the assignment and subsequently filed the motion to dismiss, denial of which is here under review (R. pp. 1-2).

Summary of Argument.

A. An assignment of a patent or application therefor does not pass title, legal or equitable, but constitutes a mere license, unless it conveys an entire and unqualified monopoly.

B. The presence as a party of the owner of the entire monopoly under the patent is indispensable and necessary to confer jurisdiction on the Court, and a suit by a licensee or by less than all owners, must fail for lack of jurisdiction.

C. It is the Court's duty to notice the question of jurisdiction and to deal with it whenever raised, and a motion to dismiss is a proper way to raise the question.

D. Although the order of the Circuit Court of Appeals is not final, it is proper that a writ of certiorari issue at this time.

Argument.

(A)

I. There is diversity of opinion in two circuits on the rule of law as to the effect of such an assignment.

The Third Circuit Court of Appeals has decided that an assignment such as that here does not convey ownership, nor does the Court have jurisdiction in the absence of the assignor. The inventor there had assigned *all of the* right, title and interest in his application in consideration of $1 and certain covenants, set forth in [illegible]arate instrument of the same date. The covenants pr[illegible] that (1) Kear (the inventor) was to be paid 50% of [illegible]moneys received for licenses; (2) 50% of all moneys received from any sale;

(3) no sale was to be made of the application or patent without Kear's consent in writing; and (4) the terms for any license and for the design, installation, adjustment or sale of the subject-matter of the application were made subject to Kear's agreement.

The Court, citing cases holding that the agreement for a division of proceeds did not make the inventor an indispensable party, said the case—

> ". . . emphasizing the complete transfer of interests, adverted to the absence of any reservation of control over the patents, or their use or disposal, or any power to interfere with the management of the business growing out of their ownership . . . But in this case Kear did reserve control over the use and disposal of the subject matter. Granted that his claim under his contract to half the proceeds of license or sale did not make his interest 'joint' so far as this suit was concerned, his reservations under (3) and (4), as shown above, do so. Freely to dispose of what one has is clearly one important element in that collection of rights, privileges, powers and immunities known as ownership. Kear could not only control sale under (3), he could control use under (4) . . . He has such a joint interest . . . that he must be joined under Rule 19 (a)."
>
> *United States* v. *Washington Inst. of Technology, Inc.*, 138 Fed. (2d) 25.

II. The rule of law as to the effect of conveyances of patent rights was laid down in *Waterman* v. *MacKenzie*, 138 U.S. 252, which has never been questioned. The Court there said (p. 255):

> ". . . The patentee or his assigns may, by instrument in writing, assign, grant and convey, either, 1st,

the whole patent, comprising the exclusive right to make, use and vend the invention throughout the United States; or, 2d, an undivided part or share of that exclusive right; or, 3d, the exclusive right under the patent within and throughout a specified part of the United States. Rev. Stat. § 4898. A transfer of either of these three kinds of interests is an assignment, properly speaking, and vests in the assignee a title in so much of the patent itself, with a right to sue infringers; in the second case, jointly with the assignor; in the first and third cases, in the name of the assignee alone. Any assignment or transfer, short of one of these, is a mere license, giving the licensee no title in the patent, and no right to sue at law in his own name for an infringement."

And on page 256:

"Whether a transfer of a particular right or interest under a patent is an assignment or a license does not depend upon the name by which it calls itself, *but upon the legal effect of its provisions.* . . ."[2]

Waterman v. *MacKenzie,* 138 U.S. 252.

Again the Court stated:

". . . the monopoly granted by law to the patentee is for one entire thing, and that in order to enable the assignee to sue, the assignment must convey to him the entire and unqualified monopoly which the patentee held, in the territory specified, and . . . any assignment short of that is a mere license."

Pope Manufacturing Co. v. *Gormully & Jeffery Manufacturing Co.,* 144 U.S. 248, 250.
Gayler v. *Wilder,* 10 How. 477, 494.

[2] Emphasis ours throughout.

Tested by these principles, Dreymann's assignment constituted the plaintiff a mere licensee, holding no title.

Dreymann still retains a most important part of the "whole patent," the right to dictate its assignment in whole, or the grant of rights under it.

The reservation of such rights has seemed recently to have become prominent in litigation and has been held to prevent an assignment from effecting the transfer of full ownership.

Parker Rust Proof Co. v. *Western Union Tel. Co.*, 105 Fed. (2d) 976 (C.C.A. 2).

United States v. *Washington Inst. of Technology, Inc.*, 138 Fed. (2d) 25.

(B)

The Federal Court has no jurisdiction of a patent case unless the owner is a party. That no one but an owner may sue is settled by subsequent carefully considered opinions which state unequivocally that, *if the owner is not in court, the Court has no jurisdiction.*

Chief Justice Taft has bluntly stated the correct rule in the following language:

> "The presence of the owner of the patent as a party is indispensable . . . to give jurisdiction under the patent laws . . . "
>
> *Independent Wireless Telegraph Co.* v. *Radio Corp. of America*, 269 U.S. 459, 468.

This Court has further stated:

> "Patent property is the creature of statute law and its incidents are equally so and depend upon the construction to be given to the statutes creating it and them . . . *the plaintiff in an action at law must be the*

person or persons in whom the legal title to the patent resided at the time of the infringement" (p. 40).

"Both at law and in equity, either *the owner of the patent* at the time of the past infringement, or the subsequent owner of the patent who is at the same time the assignee of the claims for past infringement, *must be a party to a suit* for damages for the past infringement. . . . As the owner of the patent is not a party to this bill, the result is that on no ground can the bill of the plaintiff be sustained and that the motion to dismiss should have been granted" (p. 44).

Crown Die & Tool Company v. *Nye Tool & Machine Works,* 261 U.S. 24, 44.

In accord with the Independent Wireless case, the Court in Maryland dismissed on motion an infringement case where a joint owner was not joined as a party. The Court said:

"It is well established in this country that co-owners of patent rights must sue jointly in an infringement proceeding."

Rainbow Rubber Co. v. *Holtite Mfg. Co.,* 20 F. Supp. 913, 914.

Furthermore, no stipulation or agreement can confer jurisdiction.

"Unlike an objection to venue, lack of federal jurisdiction cannot be waived or be overcome by an agreement of the parties. An appellate federal court must satisfy itself not only of its own jurisdiction, but also that of the lower courts in a cause under review."

Mitchell v. *Maurer,* 293 U.S. 237, 244.
United States v. *Griffin,* 303 U.S. 226, 229.

The result of the cases then must be that, without the presence as parties of all the owners of a patent, no suit can be maintained against an infringer.

Therefore, whether Dreymann holds either the whole title or is a joint owner, the case has been brought and maintained without the presence of a necessary party; and, the Court being without jurisdiction under the patent laws, all proceedings hitherto taken are null and void.

If the Court has no jurisdiction, "its judgments and orders are regarded as nullities. They are not voidable, but simply void."

Broagham v. *Oceanic Steam Nav. Co.*, 205 Fed. 857, 860 (C.C.A. 3).
Elliott v. *Peirsol*, 1 Pet. 328, 340.

(C)

It is the Court's duty to deal with the question of jurisdiction whenever it is noticed.

This Court recently said,

> ". . . it appearing doubtful whether the 'matter in controversy' exceeded 'the sum or value of' $3,000 . . . we raised the question whether the jurisdictional amount was involved, *as was our duty.*"

Clark v. *Paul Gray, Inc.*, 306 U.S. 583, 588.

It is settled that a motion to dismiss is the proper remedy.

St. Paul Mercury Indemnity Co. v. *Red Cab Co.*, 303 U.S. 283, 287.

(D)

Petitioner submits that the question here involved—jurisdiction—merits clarification because of the numerous cases which have arisen in the Courts, indicating that such agreements as here found are numerous, and because the settlement of the question here may save useless litigation in this case. In the words of this Court:

> "Although the decree of the Circuit Court of Appeals is not final, the importance of the question involved and the possible saving of useless litigation led this Court to grant the writ of certiorari before further proceedings in the District Court."
>
> *Crown Die & Tool Co.* v. *Nye Tool & Machine Works,* 261 U.S. 24, 28.

The petitioner, in the absence of relief in this Court, may well be subjected to another suit, even if judgment after an accounting is satisfied in this action. The admission now of the assignor-inventor cannot cure the defects, as the advantages given defendants by law and by Court rules cannot be made available at this stage of the case.

The petitioner submits that there is conflict of decision between the rule of law in the Third and First Circuits on identical matter, that the question of law is important and may be frequently raised, that the Circuit Court of Appeals for the First Circuit has decided a question of Federal jurisdiction in conflict with the applicable decisions of this Court, and that further useless litigation may be saved by the correction of the error of the First Circuit Court of Appeals.

Conclusion.

Petitioner respectfully submits that the discretion of this Court will be exercised wisely in the granting of this petition.

Respectfully submitted,

RUSSELL BOX COMPANY,

By HERBERT A. BAKER,

Its Attorney.

53 State Street,
Boston, Massachusetts.

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Supreme Court of the United States

OCTOBER TERM, 1947.

No. 653.

RUSSELL BOX COMPANY,
Petitioner,
v.
GRANT PAPER BOX COMPANY,
Respondent.

PETITIONER'S REBUTTAL MEMORANDUM.

Petitioner prays leave to submit the following rebuttal memorandum.

Memorandum.

1. The respondent has completely failed to touch upon or answer petitioner's argument that *jurisdiction* in the court *does not exist unless the owners of the entire and unqualified monopoly are all present in court in a patent infringement case.* Grant Paper Box Company was not the owner of the entire and unqualified monopoly since it did not have the unrestricted right to dispose of or license under the patent. For this statement the *Washington Institute of Technology* case is clear authority. Since the assignee could not dispose of the patent without restriction, the Court of Appeals for the Third Circuit decided

that the assignee was not the owner. He did not possess the entire and unqualified monopoly. Petitioner relies on the *Technology* case as authority for the proposition that complete title did not pass to Grant Paper Box Company but that part ownership remained in Dreymann, who was not a party. It is not necessary for petitioner to rely on the conclusion of that case as to necessary parties.

The respondent here relies greatly on *Platt* v. *Fire Extinguisher Co.*, 59 Fed. 897 (C.C.A. 3), decided many years before, in the same Circuit that decided the *Washington Institute of Technology* case, in which, tacitly, the *Platt* case was overruled by the decision, if not by reference. The *Platt* case is not good law under the *Crown Die* and *Independent Wireless* decisions, where all owners are held necessary parties.

2. The respondent alleges that the petitioner is estopped by its stipulation from asserting the facts in the case. Petitioner replies that jurisdiction can never be a matter of estoppel and that *Mitchell* v. *Maurer*, 293 U.S. 237, 244 (cited Petition, p. 12), is clear authority to that effect.

Neither Rule 21 nor Rule 19 has any bearing on the case. Chief Justice Taft disposed of that argument in saying:

> "The equity rule was not intended to set aside a policy and rule having its source in the patent statutes and can not affect this case."
>
> *Crown Die & Tool Co.* v. *Nye Tool & Machine Works*, 261 U.S. 24, 44.

3. The *Crown Die & Tool* case (Petition, p. 14) answers the argument of respondent's that the judgment is not final. That jurisdiction is always open to question even

after judgment is decided in *Panhandle Eastern Pipe Line Co.* v. *Federal Power Commission,* 324 U.S. 635, 638: "If the objection is to the jurisdiction of the court, it does not come too late."

Petitioner respectfully prays that its rebuttal memorandum may be considered by the Court.

Respectfully submitted,

RUSSELL BOX COMPANY,
By HERBERT A. BAKER,
Its Attorney.

53 State Street,
Boston, Massachusetts.

FILE COPY

In the

Supreme Court of the United States

OCTOBER TERM, 1937

NO. 668.

RUSSELL BOX COMPANY, Petitioner,

v.

GRANT PAPER BOX COMPANY, Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1947

NO. 653.

RUSSELL BOX COMPANY, Petitioner,

v.

GRANT PAPER BOX COMPANY, Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

Preliminary Statement.

This is a simple patent case in which the patent was held valid and infringed by the First Circuit Court of Appeals. A Petition for Writ of Certiorari was filed by Russell Box Company and denied, *329 U.S. 741*. The present Petition involves only an order entered by the Circuit Court of Appeals denying Petitioner's motion to recall the mandate and vacate the judgment because the patentee Dreymann is not a party to the action.

Certiorari should be denied for the reasons set forth in each and all of the following points:

(1) There is no merit in ~~Plaintiff's~~ PETITIONER'S position and there is NO conflict of decisions as represented by the Petitioner.

(2) The Motion is inconsistent with the Petitioner's pre-trial stipulation that the Grant Paper Box Company was and is the owner of the patent, and the matter is now *res adjudicata.*

(3) The order of the Court from which Petition for Certiorari is sought is not a final judgment, but merely a discretionary order on a procedural matter denying Petitioner's motion—long delayed in filing—to recall the mandate. Such an order is not a judgment on the merits of anything.

The patent in suit was issued to the Respondent, Grant Paper Box Company, as the assignor of the inventor, Carl G. Dreymann (R. p. 359).* Suit for infringement was filed by the Grant Paper Box Company against Russell in 1940. The assignment in question has been a matter of public record since August 24, 1935, on which date it was recorded in the Record of Transfers of Patents of the Patent Office (S.R. p. 4). In a pre-trial stipulation entered into before District Judge George C. Sweeney, and covered by Court order, it was stipulated that the Grant Paper Box Company was the owner of the patent in suit (R. p. 9).

Hence the conditional nature of the assignment by which Grant Paper Box Company took title is not a matter of recent development, nor a thing of a secret

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* The Petitioner in this proceeding has accompanied the Petition with a record that is incomplete, and in which appears only certain matters which have occurred since the previous Petition for Writ of Certiorari was denied. We shall use the abbreviation "R.p." to designate the transcript in No. 297 of the October Term of 1946, and "S.R.p." to designate the supplemental record accompanying the present Petition.

nature. It is indeed strange that the plaintiff should take no notice or make no point of the conditional character of the Respondent's title until after Petitioner had been defeated in litigation, and after Certiorari had been denied, and it is likewise inconsistent and improper that the Petitioner, after having stipulated title in 1943 when the issue was properly raised by the pleadings, and after trial and appeal, should, in 1947, complain that the proper parties are not before the Court.

Point No. 1.

The position of the Petitioner is that Dreymann, having executed an instrument assigning the entire right, title and interest to the Grant Paper Box Company, but having reserved to himself certain control, not over the patent, but over the conduct of the assignee, is in reality an owner of the patent and therefore is a necessary party to an infringement suit. The assignment on its face (S. R. p. 2*) shows the assignment of the full and exclusive and entire right, title and interest in the patent. It shows that the Grant Paper Box Company took this ownership subject to certain limitations in its own conduct with respect to the property which it so acquired. The Grant Paper Box Company as assignee could not grant any licenses without the consent and approval of Dreymann. This, however, is a limitation on the conduct of the Grant Paper Box Company, not a restriction on the exclusive right to make, use or sell the patented product. It is not *per se* the withholding of any part of the legal ownership in

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* Note: In the supplemental record the assignment of Carl G. Dreymann appears as "Affidavit of Carl G. Dreymann."

the patent. Dreymann did not reserve unto himself the right to grant licenses; he himself could grant no licenses; he could not require that the Grant Paper Box Company should grant licenses. Dreymann did not reserve unto himself the right to make, use or sell the patented product.* That exclusive right was assigned to the Grant Paper Box Company. There was no undivided part of the patent reserved to Dreymann. There was no reservation by Dreymann of the right to sue or bring suit for infringement; there was no power left in him to assign anything to any one under the patent; the only right that he had was the right to approve any licenses if the Grant Paper Box Company should see fit to grant licenses, the right to receive as a consideration for the assignment a part of the royalties that might be earned, and the right of re-assignment of the patent upon the occurrence of certain conditions.

It has been decided by this Court and by various Circuit Courts of Appeals, that a patent may be assigned, subject to certain conditions to be observed by the assignee, and subject to rights of reversion. The classic case on the law of patent assignments is the old case of *Waterman v. Mackenzie,* 138 U.S. 252, which has been cited, and quoted, and followed innumerable times. At page 255 the Court said:

> "The monopoly thus granted is one entire thing, and cannot be divided into parts, except as authorized by those laws [patent statutes]. The

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*Note: The first question propounded by the Petitioner (Petition p. 3) is a mis-statement. Dreymann did not reserve any right to assign or to grant licenses. Grant alone could assign or grant licenses, but subject to Dreymann's right to approve same.

patentee or his assigns may, by instrument in writing, assign, grant, and convey, either, 1st, the whole patent, comprising the exclusive right to make, use and vend the invention throughout the United States; or 2nd, an undivided part or share of that exclusive right; or 3rd, the exclusive right under the patent within and throughout a specified part of the United States. Rev. Stat. Par. 4898. A transfer of either of these three kinds of interest is an assignment, properly speaking, and vests in the assignee a title in so much of the patent itself, with a right to sue infringers; in the second case jointly with the assignor; in the first and third cases, or in the name of the assignee alone. Any assignment or transfer, short of one of these, is a mere license, giving the licensee no title in the patent and no right to sue in law in his own name for an infringement."

At page 256 the Court said:

"Whether a transfer of a particular right or interest under a patent is an assignment or a license does not depend upon the name by which it calls itself, but upon the legal effect of its provisions. For instance, a grant of an exclusive right to make, use and vend two patented machines within a certain district, is an assignment, and gives the grantee the right to sue in his own name for an infringement within the district, because the right, although limited to making, using and vending two machines, excludes all other persons, even the patentee, from making, using or vending like machines within the district. *Wilson v. Rousseau,* 4 How. 646,686. On the other hand, the grant of an exclu-

sive right under the patent within a certain district, which does not include the right to make, and the right to use, and the right to sell, is not a grant of a title in the whole patent right within the district, and is therefore only a license. * * *

"An assignment of the entire patent or of an undivided part thereof, or of the exclusive right under the patent for a limited territory, may be either absolute or by way of mortgage and liable to be defeated by non-performance of a condition subsequent, as clearly appears in the provision of the statute, and 'an assignment grant or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration without notice, unless it is recorded in the Patent Office within three months from the date thereto.' Rev. Stat. Par. 4898."

In the case of *Waterman v. Mackenzie,* Mrs. Waterman, then assignee of the entire right, title and interest in the patent, "assigned the patent to the firm of Asa L. Shipmans Sons, all her right, title and interest in the invention and the patent with the express provision that the assignment should be null and void if she and her husband or either of them should pay at maturity a certain promissory note of the same date, made by them and payable to the grantee." The instrument was construed by the Supreme Court to be a mortgage, being an assignment for an indefinite term with the reversion to the assignor upon the payment of a note. Subsequently Mrs. Waterman executed another assignment of the same patent before the note had been paid, and the second assignee brought suit for infringement. The

defense was raised that the plaintiff was without title. The Court sustained this position and said (p. 261):

> "The necessary conclusion appears to us to be that Shipman, *being the present owner of the whole title of the patent under a mortgage* duly executed and recorded, was the person, *and the only person,* entitled to maintain such a bill as this; and that the plea therefore was rightly adjudged good." (Italics ours).

In the present instance, as we have pointed out, Grant and Grant alone, was and is the present owner of the entire right, title and interest in and to the patent, subject to a mere right of reversion in Dreymann, upon the happening of a condition (which has not happened). It is a complete assignment, subject to conditions, just as was the first assignment to Shipman in *Waterman v. Mackenzie.* And Grant, like Shipman, became "the owner of the whole title of the patent" and was and remains the only person entitled to maintain a suit for infringement.

A more recent case directly in point in the District Court of Delaware, is *Berghane v. R.C.A.,* 73 U.S.P.Q. 463 (6 F. R. D. 561) [see also 70 USPQ 294; 4 F. R. D. 464]. Plaintiff brought suit averring ownership of the patents under certain assignments from the Union National Bank of Pittsburgh, which assignments were made subject to an agreement entered into between the bank, the Plaintiff, and the Plaintiff's sister and brother. The issue was squarely raised as to whether the bank and the brother and sister who had reversionary interests and who had made only conditional assignments, including a right to control expenses of litigation and

participation in proceeds of the patent, were not necessary parties. It was held that the Plaintiff was the assignee, notwithstanding the conditions that attached to the assignment, and therefore the party under the statute to maintain the action, and it was held that it was unnecessary for the other parties to be joined. The cases are uniform, and we know of no case to the contrary.

In *Platt v. Fire Extinguisher Co.*, 59 Fed. 897 (C.C.A. 3) there was also involved the question of whether an assignee under a conditional assignment could maintain suit in its own name. In holding that the assignor, corresponding in the present instance to Dreymann, need not be a party, the Court said:

> "The complainant's title to this patent, and his right to sue for an infringement, are questioned because the assignment from John A. Graham to the complainant, it is alleged, does not convey the whole monopoly. *The deed of assignment stipulates that the complainant shall not during the term of the said patent make any assignment thereof, or grant any license under it, and shall make certain payments as agreed upon between the company and Graham;* and the assignment is also made subject to the license granted to Holloway. With these exceptions, the assignor sells, transfers and assigns all of his right, title and interest in and to the patent. Of even date with the assignment to the complainant an agreement was made between the latter and Charles T. Holloway, which, after reciting that the complainant is vested with the entire title and interest in the patent, and that Holloway is powerless to prosecute any infringer, provides that he may in-

stitute proceedings against such infringer whenever the complainant, upon reasonable notice of infringement, shall neglect or refuse to do so.

"The complainant succeeded to the ownership of John A. Graham, administrator, in the patent, and whatever rights the latter had passed to the complainant, except the right to execute an assignment or issue a license. Graham had divested himself of the right to sue for an infringement, and if the complainant could not sue, no one could. The property would thus become a prey to all who might choose to use it. This would be unreasonable and inequitable. The title was conveyed to the complainant subject only to certain conditions, and *the assignor had no more right to it than a stranger, so long as the conditions should remain unbroken. If the complainant should fail to keep his covenants, then the conditions would be broken, and the property would revert to Graham. Until this event happens the complainant has the right to protect his interests by suing infringers of the patent. Littlefield v. Perry,* 21 Wall. 205." (Italics ours).

In the case above quoted, the conditions are even more stringent than those which accompany the Dreymann assignment and did not defeat the assignment as vesting ownership in the assignee, and as such owner, entitled to sue solely in his own name. If the exclusive right to make, use, and sell the patented inventions is vested in the transferee, he becomes the assignee and owner. Under the instrument executed by Mr. Dreymann to the Grant Paper Box Company, Grant and Grant alone had the full right to make, use and sell container walls in accordance with the patent. Dreymann reserved no

rights to himself practice the invention; Dreymann had no right to grant any license to any one else, and Dreymann could not transfer any interest in the corpus of the patent elsewhere. All of the elements of vested ownership were present.

The case of *United States v. Washington Institute of Technology* relied upon by the Petitioner does not in fact support its position at all. Under the patent laws certain parties are designated as the proper parties to maintain a suit for infringement. Revised Statute Section 4919 (35 U.S.C.A. 6) provides that suit for infringement must be brought by the party interested "either as a patentee, assignee or grantee." (See also Section 4898 R.S. 35 U.S.C.A. 47, Paragraph 11).

In the case of *United States v. Washington Institute of Technology,* 138 Fed. (2d) 25 (C.C.A. 3), the suit was not a suit for patent infringement. It was not a suit under Revised Statute 4919. It was a suit under Section 4915 of the Revised Statutes having to do particularly with cases where conflicting parties are claiming the same invention. It was what is commonly termed an "interference suit" as distinguished from a case like the present one which is for the infringement of a patent. In the *Washington Institute of Technology* case the District Court, which was sustained by the Third Circuit Court of Appeals, clearly emphasized the distinction. The District Court for the District of Delaware, Paragraph 47, Federal Supplement 385, 55 U.S.P.Q. 127 in a footnote to its decision stated as follows:

> "Actions under R.S. 4915 are different from actions brought under the Declaratory Judgment Statute and from infringement suits. Hence the decisions as to who are the necessary parties under the latter types of actions do not control here."

The Third Circuit Court of Appeals, in affirming the decision of the District Court in the *Washington Institute* case also took cognizance of the fact that it was an action under 4915, and not an action for patent infringement.*

Since the Grant Paper Box Company is the owner of the patent in suit, since it has the entire right, title and interest in the invention, and is the assignee of the exclusive right to make, use and sell the patented inventions, it is the only necessary party to a suit for infringement under Section 4919 R.S. The mere existence of conditions that restrict the power of the assignee to alienate the interest assigned, but which do not reserve unto Dreymann either the right to make, or to use, or to sell, does not make Dreymann a co-owner, and he is not, therefore, under Section 4919 required to be a party. His interest is neither that of a patentee retaining ownership, assignee, or grantee.

The case of *Crown Co. v. Nye Tool Works,* 261 U.S. 24 does not support the Petitioner's contention in this case. No interest in the patent was there assigned.

Point No. 2.

In our preliminary statement, we have developed the fact situation relevant to this point. The record shows that the assignment in question has been on the public records of the Patent Office since 1935; the patent was issued on the basis of this instrument to the Grant Paper

*Note: *Berghane v. R.C.A.* (*supra*), was decided *after* the *Washington Institute* case by the same District Judge, thereby establishing that in the Third Circuit the Washington Institute case does not apply to infringement cases.

Box Company as the assignee of Carl G. Dreymann; that the question of ownership could have been tried on the basis of the original pleadings; that in a pre-trial stipulation it was stipulated by Petitioner and Respondent that the Grant Paper Box Company was the owner of the patent, and subsequently all proceedings have been on the basis of this stipulation, until after Ceriorari was first denied by this Court in the No. 297 for the October Term of 1946.

There is nothing secret about the conditional nature of the title acquired by the assignee, the Grant Paper Box Company; there is no circumstance different now than existed in 1943 when the Court order on the pre-trial stipulation under F.R.C.P. Rule 16 was made (R. p. 9); there has been con concealment of any fact. We submit that these circumstances render the question of parties and of title *res adjudicata*. The proper time to have questioned title was when the question was in issue, and having stipulated ownership in the Respondent, and since under R.S. 4919 only the owner is a necessary party, the Petitoiner should not now be heard to complain that he did not examine the instrument on record in the Patent Office, or if he did examine it, did not understand its legal import.

In either case the Petitioner is judicially bound and estopped from now raising the question. The matter of ownership, once a subject of controversy, is *res adjudicata*. The Petitioner is bound by its formal admission before the Court as to ownership (R. p. 9).

The record in this case shows that Carl G. Dreymann, the patentee, as assignee of the patent, appeared in this suit and testified. Dreymann is in relation of privity with the Plaintiff Grant Paper Box Company in

this cause, and is bound and is entitled to the benefits of any decree therein, whether or not he is named as a party of record. As a matter of merit, the fact of Dreymann having made the assignment, having participated in the case, and having testified, could never in any subsequent proceeding, assert with any legal force that the Grant Paper Box Company was not the owner of the patent in suit, and that he, as a holder of a reversionary interest, was not bound by the outcome.

Recall of mandate and dismissal of action is not the proper relief under any circumstance. Rule 21 of the Federal Rules of Civil Procedure provides that parties may be dropped or added at any stage of an action.

Point No. 3.

The Petition for Writ of Certiorari refers to the "judgment" of the Circuit Court of Appeals entered on December 12, 1947. The record (S.R. p. 1) shows on its face that this is not any final judgment of the Circuit Court of Appeals; it is an order issued on a procedural motion to recall a mandate (— long delayed in filing — 1 year 4 months after mandate —) and the Court refused to so recall its mandate. The case will now go forward in the District Court for a judgment on the mandate and accounting. There is no matter of great importance involved insofar as the public interest generally is concerned; there is no real conflict between Circuits.

This Court has repeatedly held that Writ of Certiorari is to be granted sparingly, particularly where no final judgment is involved, and only in cases of peculiar gravity or general importance, or in order to secure

uniformity of decision. In *Hmilton-Brown Shoe Co. v. Wolf Brothers,* 240 U.S., pae 250, at page 258, this Court said:

> "As has been many tmes declared, this is a jurisdiction to be exercise sparingly, and only in cases of peculiar gravity ad general importance, or in order to secure uniformty of decision. Lau Ow Bew, Petitioner, 141 U.S. 53, 587; In re Woods, 143 U.S. 202; Lau Ow Bew v.United States, 144 U.S. 47, 58; Amer. Const. Co. v. Jacksonville Ry., 148 U.S. 372, 383; Forsyth v. Iammond, 166 U.S. 506, 514; Fields v. United State, 205 U.S. 292, 296. And, in extraordinary cases, th writ is not issued until final decree. Amer. Contr. Co. v. Jacksonville Railway, 148 U.S. 372, 378384; The Three Friends, 166 U.S. 1, 49; The Conqeror, 166 U.S. 110, 113; Denver v. N. Y. Trust Co. 229 U.S. 123, 133. *The decree that was sought to e reviewed by certiorari at complainant's instance as not a final one, a fact that of itself alone furnised sufficient ground for the denial of the appliction;* besides which it appears, by reference to ur files, that the application was opposed by th present petitioner upon the ground that the case, bwever important to the parties, involved no questin of public interest and general importance, nor ny conflict between the decisions of state and Feeral courts, or between those of Federal courts of different circuits." (Italics ours).

We submit that no reasn is shown, and none exists, why a Writ of Certiora should be granted from this order denying a motion inident to the proceedings in a patent infringement case.

Conclusion.

The Petition in this case has no merit to recommend it for consideration. In the first place, the alleged discrepancy of decisions is purely fictitious and overlooks the fact that in the *Washington Institute* case the suit was not a patent infringement suit, and therefore not regulated by Section 4919 R.S.

Even, however, if the Petition otherwise had merit, the point should have been raised when it was an issue in the District Court on the pleadings. The Court order entered under F.R.C.P. Rule 16 as to stipulation that the Grant Paper Box Company was the owner (R. p. 9) and hence the only party necessary under Section 4919 is binding and the matter is *res adjudicata*. Finally, the order on which the Certiorari is based is not a judgment, but merely a discretionary order, and there is no question of public import or of any other character such as would warrant the unusual procedure of granting Certiorari on a judgment which is not final.

Respectfully submitted,

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